



TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

HEADQUARTERS: P.O. BOX 33695 DENVER, COLORADO 80233-0695 303-452-6111

January 10, 2019

Mr. Michael Dreyspring
Chief Executive Officer
La Plata Electric Association, Inc.
45 Stewart Street
Durango, CO 81303

RE: La Plata Electric Association, Inc. Discussions with Potential Power Suppliers

Dear Mr. Dreyspring:

Tri-State Generation and Transmission Association, Inc. ("Tri-State") and La Plata Electric Association, Inc. ("LPEA") are parties to a Wholesale Electric Service Contract (the "WESC") dated July 1, 2007. Under the WESC, Tri-State is obligated to supply and LPEA is obligated to purchase and receive from Tri-State substantially all of LPEA's wholesale electric requirements through the year 2050.

LPEA desires and Tri-State has agreed to authorize LPEA to explore the possibility of purchasing all or part of its wholesale electricity requirements from a supplier or suppliers other than Tri-State under the terms set forth in this letter. While Tri-State has agreed to allow LPEA to explore options for potential alternative supplies of power, its agreement to authorize LPEA to explore alternative power supply options is not and should not be considered or viewed as authorization or permission to allow LPEA to withdraw as a member of Tri-State. Nothing in this letter purports to nor should be considered to change the requirements and obligations contained in Article I, Section 3 of Tri-State's Amended and Restated Bylaws.

The WESC is an all-requirements contract and Tri-State does not waive any of its rights under the WESC, either with respect to LPEA or any third-parties.

In order for LPEA to evaluate whether to request equitable terms and conditions for its withdrawal from Tri-State, Tri-State authorizes LPEA to communicate with potential alternative power suppliers and transmission providers for purposes of exploring potential alternative power suppliers. In furtherance of these communications, Tri-State authorizes LPEA to issue a request for information ("RFI") and/or request for proposals ("RFP") seeking proposals for power suppliers to meet LPEA's wholesale electric requirements. LPEA acknowledges that it will provide Tri-State the opportunity to submit proposals and offers in response to any such RFI and/or RFP issued by LPEA seeking offers and proposals to meet its wholesale electric requirements. Tri-State's agreement to authorize LPEA to engage in these activities, including issuing an RFI and/or RFP seeking offers and proposals for power supplies from potential alternative power supply options is not, and should not be considered an authorization or permission at this time to allow LPEA to withdraw as a member of Tri-State.

Please keep in mind that all revenues to be received by Tri-State under the WESC are pledged to our trustee under our Master Indenture as collateral for all of our lenders and that certain loan agreements limit Tri-State from taking action which is likely to materially impair the financial condition of Tri-State. In addition, any agreement on the terms of LPEA's withdrawal will require the approval of the Tri-State Board of Directors.





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To avoid any possible misunderstanding, LPEA and Tri-State agree that LPEA will provide a copy of this letter to any third party with whom LPEA communicates concerning the possibility of LPEA purchasing all or part of its wholesale electricity requirements. Further, any RFI or RFP issued by LPEA shall contain language that clearly states to potential bidders that LPEA's ability to enter into any agreement with the bidder is conditional on LPEA reaching agreement with Tri-State regarding equitable terms for its withdrawal and satisfying its contractual obligations to Tri-State.

Unless further extended by mutual agreement between the parties, the terms and conditions of this letter shall terminate on December 31, 2019.


Sincerely,

Micheal S. McInnes
Chief Executive Officer

MSM/jef

Agreed to and accepted this 14 day of January, 2019

La Plata Electric Association, Inc.



Mr. Michael Dreyspring
Chief Executive Officer





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RE: Shopping Letter

Dear Mike,

This letter is intended to supplement the LPEA Discussions with Potential Power Suppliers letter dated January 10, 2019 that I sent to you in response to your request for a "Shopping Letter" for LPEA's use in evaluating any alternative power supplier options.

I sent you Tri-State's current "Shopping Letter" which expires on December 31, 2019.

As you know, Tri-State and LPEA disagree whether Tri-State has an obligation to provide LPEA a shopping letter pursuant to the Preliminary Agreement, in the form attached to the Preliminary Agreement that was part of the settlement in the *LPEA, et al. v. Tri-State* case at the Colorado Public Utilities Commission in 2014 (Proceeding No. 13F-0145E). Both Tri-State and LPEA understand and agree that the issuance of the current "Shopping Letter" by Tri-State and its acceptance by LPEA is not a waiver of either party's rights or ability to argue any position with respect to the Preliminary Agreement and the form of the letter attached to the Preliminary Agreement.

Sincerely,

Micheal S. McInnes
Chief Executive Officer

MSM/db



